

TITLE 5. COMMUNITY AFFAIRS
CHAPTER 7. URBAN AND RURAL CENTERS UNSAFE BUILDINGS DEMOLITION LOAN FUND

N.J.A.C. 5:7

§ 5:7-1.1 Introduction

(a) Pursuant to P.L. 1997, c.125, the Legislature and the voters of New Jersey have established a \$ 20,000,000 loan program for the purpose of providing financing for the demolition and disposal of unsafe buildings in urban and rural centers. It is the purpose and intent of these rules to implement this loan program.

(b) This program shall be administered by the Division of Codes and Standards.

§ 5:7-1.2 Eligible applicants

(a) Only those municipalities that are eligible to receive State aid under P.L. 1977, c.260 (*N.J.S.A. 52:27D-162 et seq.*) or P.L. 1978, c.14 (*N.J.S.A. 52:27D-178 et seq.*) shall be eligible to participate in this loan program.

(b) Application on behalf of an eligible municipality may be made by the governing body or, with the consent of the governing body, by a redevelopment agency, housing authority or other agency created by the municipality with authority for land development.

§ 5:7-2.1 Definitions

As used in this chapter, the following terms shall have the meanings indicated unless the context clearly indicates otherwise:

"Approved construction plan" means a plan for which, as of the date of submission of the application to the Department, preliminary site plan approval for redevelopment of demolition area has been granted by the municipal planning board.

"Building demolition and disposal project" means any work relating to the demolition and disposal of unsafe buildings in urban and rural centers. A project may consist of the demolition of one building or multiple buildings.

"Certification" means a document signed by the local construction code official certifying that he or she has inspected a building and has determined it to be an imminent and extreme hazard, and to be in need of demolition.

"Commissioner" means the Commissioner of the New Jersey Department of Community Affairs.

"Department" means the New Jersey Department of Community Affairs.

"Imminent and extreme hazard" means a condition constituting a danger to human life and safety that is caused by a building being vacant and in danger of partial or full collapse, or having

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already fallen or partially fallen, or posing another type of physical hazard, or being subject to trespass, illegal use or fire damage.

"Notice of unsafe structure" means a written notice issued, pursuant to *N.J.A.C. 5:23-2.32*, by the construction official having jurisdiction in the municipality to the owner of an unsafe building or structure describing the building deemed unsafe and specifying the required repairs or improvements to be made to render the building safe and secure, or requiring the unsafe building to be demolished.

"Redevelopment area" means an area identified by the governing body of a municipality as being in need of redevelopment. Such identification may have been made previously, pursuant to the "Local Redevelopment and Housing Law," *N.J.S.A. 40A:12A-1* et seq., or by prior designation as an Empowerment Zone, Enterprise Community, State Plan Center, Urban Enterprise Zone, or as an Urban Coordinating Council, Neighborhood Preservation Program or Strategic Neighborhood Assistance Program community, or it may be established by a current resolution of the governing body conferring such status.

"Structure" means a combination of materials to form a construction for occupancy, use or ornamentation, whether installed on, above, or below the surface of a parcel of land.

"Unsafe structure" means a structure that is unsafe for human occupancy or use.

"Urban and rural centers" means any municipality eligible to receive State aid under P.L. 1977, c.260 (*N.J.S.A. 52:27D-162* et seq.) or P.L. 1978, c.14 (*N.J.S.A. 52:27D-178* et seq.).

§ 5:7-3.1. Priorities

(a) Funding shall be awarded in the following order of priority:

1. First priority shall be given to projects that involve the demolition and disposal of an unsafe building as a necessary prerequisite to the erection of a new building by a governmental entity, nonprofit organization, private individual or commercial enterprise pursuant to approved construction plans and to projects that involve the demolition and disposal of an unsafe building that poses an imminent and extreme hazard to the health and safety of the community.

2. Second priority shall be given to unsafe buildings in redevelopment areas that do not pose an imminent and extreme hazard.

3. Third priority shall be given to unsafe buildings not located in redevelopment areas.

(b) Subject to (a) above, the Commissioner shall give preference to municipalities that commit locally controlled funds from other sources to a redevelopment project. Such funding sources include, without limitation, Community Development Block Grants, Home-Investment Partnerships, and Regional Contribution Agreements. Preference shall also be given to municipalities needing demolition loan funds to leverage local funds or nonlocally controlled funds from such sources as the New Jersey Redevelopment Authority, the New Jersey Economic Development Authority, the Department of Transportation, the Department of Environmental Protection, or the Housing and

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Mortgage Finance Agency for purposes compatible with the Urban and Rural Centers Unsafe Buildings Demolition Bond Act.

(c) The Commissioner shall review applications in light of the findings and recommendations of the New Jersey Commission on Capital Budgeting and Planning, including the Commission's annual State Capital Improvement Plan.

(d) A municipality may apply for any level of funding. However, all demolition and disposal activities associated with an award shall be completed within the nine-month period following the date upon which funding becomes available to the municipality.

(e) A municipality may submit a loan application at any time on or before the final application date for each loan cycle, as established by the Commissioner.

(f) The application shall list prospective demolition projects by the priority.

(g) The Commissioner shall prepare a priority award list, based on an evaluation of each application according to the criteria in this section and based upon funding constraints. In addition to the list prepared for each loan cycle, the Commissioner, at any time, may prepare and submit to the Legislature supplementary priority lists as follows:

1. Proposed awards for projects that are a significant component of a redevelopment project; and
2. Proposed awards for projects determined by the Commissioner to be of particular public benefit; provided, however, that the aggregate amount proposed for such projects shall not exceed 10 percent of the funds authorized for the program in any fiscal year.

(h) Photographs may be included in the application package.

(i) The Commissioner's priority list of proposed awards shall be submitted to the Legislature for appropriation of funds from the "Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund," in accordance with section 28 of P.L. 1997, c.125.

§ 5:7-3.2 Partial advance payments

(a) Partial advance payments may be made consistent with the applicant's need for such advances in cases where the loan amount is more than \$ 100,000.

(b) Funds may be withheld if the municipal demolition project fails to maintain its approved demolition schedule.

§ 5:7-3.3 Loan terms and conditions

(a) Loans shall be issued for a period of 10 years at a fixed interest rate of four percent per annum; provided, however, that the Commissioner may, upon the request of a municipality, and for good cause, allow a longer or shorter repayment term and/or a lower interest rate. Any such request shall be accompanied by a supporting explanation of the necessity to deviate from the standard loan terms. In any case, the term of the loan shall not exceed the statutory maximum of 20 years.

1. The terms of any loan agreement shall be subject to approval by the State Treasurer.

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2. Loan recipients shall comply with all applicable provisions of the Local Bond Law (*N.J.S.A. 40A:2-1 et seq.*), the Local Budget Law (*N.J.S.A. 40A:4-1 et seq.*) and *N.J.A.C. 5:4*.

(b) Prior to the demolition of any structure listed on the State or Federal Register of Historic Places or on any municipal register of historic places, or designated by the Pinelands Commission as an historic resource of significance to the Pinelands in accordance with the Pinelands Comprehensive Management Plan (*N.J.A.C. 7:50*), evidence of compliance with all applicable laws and regulations must be submitted to the Department.

(c) No expenditure of funds for demolition of a building or for disposal of building debris shall be undertaken unless and until the municipality has demonstrated legal authority to proceed with the work and until all approvals, consents, or permits required by law shall have been obtained.

(d) All contracting for demolition shall conform to the provisions of *N.J.S.A. 40A:11-1 et seq.*, the Local Public Contracts Law, and shall require salvaging and recycling of reusable building materials to the greatest extent practicable, with the value of any such reusable materials retained or sold by the contractor to be credited against the cost of the work.

1. Either the municipality itself or, if the municipality so provides, one or more nonprofit historic preservation organizations shall have the first option to acquire any reusable building materials that may be of historic significance. If the building is owned by the municipality, the municipality may transfer any such materials to a nonprofit historic preservation organization at a nominal cost.

(e) Funds may be reloaned by a municipality to a developer under an agreement with the same or different repayment terms as the agreement between the applicant municipality and the Department, but the municipality shall remain obligated to repay the Department.

(f) Allowable local costs shall be limited to the necessary expenses incurred in connection with a building demolition and disposal project. Such expenses may include: costs incurred for actual demolition and/or removal work; costs incurred for the preparation and execution of necessary agreements and other documents; the procurement of engineering, inspection, planning, legal, financial, or other professional services; and the administrative, organizational, operating, or other expenses incidental to the financing and completing of any project authorized under the Act.

§ 5:7-3.4 Application requirements

(a) Applicants shall be required to complete the application form provided by the Department and to provide the following information and documents together with the application form:

1. The name of the owner(s) of the building(s) to be demolished and/or site(s) to be cleared;
2. The lot and block and street address of each building to be demolished and/or site to be cleared;
3. If the building is not owned by the municipality, the certification(s) and/or notice(s) of unsafe structure, issued by the local construction official;

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4. The identification of any buildings listed on the State and/or Federal Register of Historic Places or in any municipal register of historic places or designated by the Pinelands Commission as an historic resource of significance to the Pinelands. If the municipality has an officer or agency with jurisdiction for historic preservation, the application shall include a certification by any such officer or agency that, except as may otherwise be indicated, the list of properties included in the application does not include unlisted structures of historic significance;
5. Approved construction plans, if any;
6. A timetable of major activities associated with the use of program funds, and a proposed schedule for expenditure and for the expected duration of the entire project(s);
7. A budget including separate estimates of the costs for building demolition and disposal of building debris and a separate breakdown of other costs;
8. An alternative loan proposal, if the applicant finds it necessary to have terms at variance with those of the standard loan agreement; and
9. An authorizing resolution of the municipal governing body.